

FIRST REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 402

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CROWELL.

Read 1st time January 30, 2007, and ordered printed.

Read 2nd time February 1, 2007, and referred to the Committee on Pensions, Veterans' Affairs and General Laws.

Reported from the Committee February 8, 2007, with recommendation that the bill do pass and be placed on the Consent Calendar.

Taken up February 21, 2007. Read 3rd time and placed upon its final passage; bill passed.

TERRY L. SPIELER, Secretary.

1530S.01P

AN ACT

To repeal sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and 104.1072, RSMo, and to enact in lieu thereof six new sections relating to retirement plan election options.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and
2 104.1072, RSMo, are repealed and six new sections enacted in lieu thereof, to be
3 known as sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and 104.1072,
4 to read as follows:

104.395. 1. In lieu of the normal annuity otherwise payable to a member
2 pursuant to [section] sections 104.335, 104.370, 104.371, 104.374, or 104.400,
3 and prior to the last business day of the month before the annuity starting date
4 pursuant to section 104.401, a member shall elect whether or not to have such
5 member's normal annuity reduced as provided by the options set forth in this
6 section; provided that if such election has not been made within such time,
7 annuity payments due beginning on and after such annuity starting date shall
8 be made the month following the receipt by the system of such election, and
9 further provided, that if such person dies after such annuity starting date but
10 before making such election, no benefits shall be paid except as required pursuant
11 to section 104.420:

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

12 Option 1. An actuarial reduction approved by the board of the member's
13 annuity in reduced monthly payments for life during retirement with the
14 provision that upon the member's death the reduced annuity at the date of the
15 member's death shall be continued throughout the life of, and be paid to, the
16 member's spouse to whom the member was married at the date of retirement and
17 who was nominated by the member to receive such payments in the member's
18 application for retirement or as otherwise provided pursuant to subsection 5 of
19 this section. Such annuity shall be reduced in the same manner as an annuity
20 under option 2 as in effect immediately prior to August 28, 1997. The surviving
21 spouse shall designate a beneficiary to receive any final monthly payment due
22 after the death of the surviving spouse; or

23 Option 2. The member's normal annuity in regular monthly payments for
24 life during the member's retirement with the provision that upon the member's
25 death a survivor's benefit equal to one-half the member's annuity at the date of
26 the member's death shall be paid to the member's spouse to whom the member
27 was married at the date of retirement and who was nominated by the member to
28 receive such payments in the member's application for retirement or as otherwise
29 provided pursuant to subsection 5 of this section, in regular monthly payments
30 for life. The surviving spouse shall designate a beneficiary to receive any final
31 monthly payment due after the death of the surviving spouse; or

32 Option 3. An actuarial reduction approved by the board of the member's
33 normal annuity in reduced monthly payments for the member's life with the
34 provision that if the member dies prior to the member having received one
35 hundred twenty monthly payments of the member's reduced annuity, the
36 member's reduced annuity to which the member would have been entitled had the
37 member lived shall be paid for the remainder of the one hundred twenty months'
38 period to such person as the member shall have nominated by written designation
39 duly executed and filed with the board. If there is no such beneficiary surviving
40 the retirant, the reserve for such annuity for the remainder of such one hundred
41 twenty months' period shall be paid [to the retirant's estate] **as provided under**
42 **subsection 3 of section 104.620**. If such beneficiary dies after the member's
43 date of death but before having received the remainder of the one hundred twenty
44 monthly payments of the retiree's reduced annuity, the reserve for such annuity
45 for the remainder of such one hundred twenty-month period shall be paid [to the
46 beneficiary's estate] **as provided under subsection 3 of section 104.620**; or

47 Option 4. An actuarial reduction approved by the board of the member's
48 normal annuity in reduced monthly payments for the member's life with the

49 provision that if the member dies prior to the member having received sixty
50 monthly payments of the member's reduced annuity, the member's reduced
51 annuity to which the member would have been entitled had the member lived
52 shall be paid for the remainder of the sixty months' period to such person as the
53 member shall have nominated by written designation duly executed and filed
54 with the board. If there be no such beneficiary surviving the retirant, the reserve
55 for such annuity for the remainder of such sixty months' period shall be paid [to
56 the retirant's estate] **as provided under subsection 3 of section 104.620.** If
57 such beneficiary dies after the member's date of death but before having received
58 the remainder of the sixty monthly payments of the retiree's reduced annuity, the
59 reserve for such annuity for the remainder of the sixty-month period shall be paid
60 [to the beneficiary's estate] **as provided under subsection 3 of section**
61 **104.620.**

62 2. Effective July 1, 2000, if a member is married as of the annuity starting
63 date to a person who has been the member's spouse, the member's annuity shall
64 be paid pursuant to the provisions of either option 1 or option 2 as set forth in
65 subsection 1 of this section, at the member's choice, with the spouse as the
66 member's designated beneficiary unless the spouse consents in writing to the
67 member electing another available form of payment.

68 3. For members who retire on or after August 28, 1995, in the event such
69 member elected a joint and survivor option pursuant to the provisions of this
70 section and the member's eligible spouse or eligible former spouse precedes the
71 member in death, the member's annuity shall revert effective the first of the
72 month following the death of the spouse or eligible former spouse regardless of
73 when the board receives the member's written application for the benefit provided
74 in this subsection, to an amount equal to the member's normal annuity, as
75 adjusted for early retirement if applicable; such benefit shall include any
76 increases the member would have received since the date of retirement had the
77 member elected a normal annuity. **If a member dies prior to notifying the**
78 **system of the spouse's death, the benefit will not revert to a normal**
79 **annuity and no retroactive payments shall be made.**

80 4. Effective on or after August 28, 1995, any retired member who had
81 elected a joint and survivor option and whose spouse or eligible former spouse
82 precedes or preceded the member in death shall upon application to the board be
83 made, constituted, appointed and employed by the board as a special consultant
84 on the problems of retirement, aging and other state matters. As a special
85 consultant pursuant to the provisions of this section, the member's reduced

86 annuity shall revert to a normal annuity as adjusted for early retirement, if
87 applicable, effective the first of the month following the death of the spouse or
88 eligible former spouse or August 28, 1995, whichever is later, [regardless of when
89 the board receives the member's written application] **if the member cancels**
90 **the member's original joint and survivor election**; such annuity shall
91 include any increases the retired member would have received since the date of
92 retirement had the member elected a normal annuity.

93 5. Effective July 1, 2000, a member may make an election under option
94 1 or 2 after the date retirement benefits are initiated if the member makes such
95 election within one year from the date of marriage or July 1, 2000, whichever is
96 later, under any of the following circumstances:

97 (1) The member elected to receive a normal annuity and was not eligible
98 to elect option 1 or 2 on the date retirement benefits were initiated; or

99 (2) The member's annuity reverted to a normal annuity pursuant to
100 subsection 3 or 4 of this section and the member remarried.

101 6. Any person who terminates employment or retires prior to July 1, 2000,
102 shall be made, constituted, appointed and employed by the board as a special
103 consultant on the problems of retirement, aging and other state matters, and for
104 such services shall be eligible to elect to receive the benefits described in
105 subsection 5 of this section.

106 7. Effective September 1, 2001, the retirement application of any member
107 who fails to make an election pursuant to subsection 1 of this section within
108 ninety days of the annuity starting date contained in such retirement application
109 shall be nullified. Any member whose retirement application is nullified shall not
110 receive retirement benefits until the member files a new application for
111 retirement pursuant to section 104.401 and makes the election pursuant to
112 subsection 1 of this section. In no event shall any retroactive retirement benefits
113 be paid.

114 **8. A member may change a member's election made under this**
115 **section at any time prior to the system mailing or electronically**
116 **transferring the first annuity payment to such member.**

104.1012. 1. Any new state employee who would have become a member
2 of the closed plan administered by the transportation department and highway
3 patrol retirement system except for the creation of the year 2000 plan and
4 persons covered by the closed plan administered by the highway and
5 transportation employees' and highway patrol retirement system who elect year
6 2000 plan coverage as provided in section 104.1015 shall have their year 2000

7 plan coverage managed by that board.

8 2. Any new state employee who would have become a member of the
9 closed plan administered by the Missouri state employees' retirement system
10 except for the creation of the year 2000 plan or persons covered by the closed plan
11 administered by the Missouri state employees' retirement system who elect year
12 2000 plan coverage as provided in section 104.1015 shall have their year 2000
13 plan coverage managed by that board.

14 **3. In the event either board of trustees elects to provide**
15 **employees, members, or vested former members under either the closed**
16 **plan or the year 2000 plan with education or advice pertaining to any**
17 **aspect of retirement planning, the board will not be liable for the**
18 **retirement or investment decisions made or not made by employees,**
19 **members, or vested former members so long as the board acts with the**
20 **same care, skills, prudence, and diligence in the selection and**
21 **monitoring of providers of education and advice, under the**
22 **circumstances then prevailing that a prudent person acting in a similar**
23 **capacity and familiar with those matters would use in the conduct of**
24 **a similar enterprise with similar aims.**

104.1015. 1. Persons covered by a closed plan on July 1, 2000, shall elect
2 whether or not to change to year 2000 plan coverage. Any such person who elects
3 to be covered by the year 2000 plan shall forfeit all rights to receive benefits
4 under this chapter except as provided under the year 2000 plan and all creditable
5 service of such person under the closed plan shall be credited under the year 2000
6 plan. Any such person who elects not to be covered by the year 2000 plan shall
7 waive all rights to receive benefits under the year 2000 plan. In no event shall
8 any retroactive annuity be paid to such persons pursuant to sections 104.1003 to
9 104.1093 except as described in subsection 2 of this section.

10 2. Each retiree of the closed plan on July 1, 2000, shall be furnished by
11 the appropriate system a written comparison of the retiree's closed plan coverage
12 and the retiree's potential year 2000 plan coverage. A retiree shall elect whether
13 or not to change to year 2000 plan coverage by making a written election, on a
14 form furnished by the appropriate board, and providing that form to the system
15 by no later than twelve months after July 1, 2000, and any retiree who fails to
16 make such election within such time period shall be deemed to have elected to
17 remain covered under the closed plan; provided the election must be after the
18 retiree has received from the appropriate system such written comparison. The
19 retirement option elected under the year 2000 plan shall be the same as the

20 retirement option elected under the closed plan, except any retiree who is
21 receiving one of the options providing for a continuing lifetime annuity to a
22 surviving spouse under the closed plan may elect to receive an annuity under
23 option 1 or 2 of section 104.1027, or a life annuity under subsection 2 of section
24 104.1024, provided the person who was married to the member at the time of
25 retirement, if any, consents in writing to such election made pursuant to section
26 104.1024, or to any election described in this section if the person was married
27 to a member of the Missouri state employees' retirement system. The effective
28 date of payment of an annuity under the year 2000 plan as provided in this
29 subsection shall begin on July 1, 2000. No adjustment shall be made to
30 retirement benefits paid to the retiree prior to July 1, 2000. In order to calculate
31 a new monthly annuity for retirees electing coverage under the year 2000 plan
32 pursuant to this subsection, the following calculations shall be made:

33 (1) Except as otherwise provided in this subsection, the retiree's gross
34 monthly retirement annuity in effect immediately prior to July 1, 2000, shall be
35 multiplied by the percentage increase in the life annuity formula between the
36 closed plan and the year 2000 plan. This amount shall be added to the retiree's
37 gross monthly retirement annuity in effect immediately prior to July 1, 2000, to
38 arrive at the retiree's new monthly retirement annuity in the year 2000 plan on
39 July 1, 2000. The age of eligibility and reduction factors applicable to the
40 retiree's original annuity under the closed plan shall remain the same in the
41 annuity payable under the year 2000 plan, except as provided in subdivision (2)
42 of this subsection.

43 (2) If option 1 or 2 pursuant to section 104.1027 is chosen by the retiree
44 under the year 2000 plan, the new monthly retirement annuity calculated
45 pursuant to subdivision (1) of this subsection shall be recalculated using the
46 reduction factors for the option chosen pursuant to section 104.1027.

47 (3) If a temporary annuity is payable pursuant to subsection 4 of section
48 104.1024 the additional temporary annuity shall be calculated by multiplying the
49 retiree's credited service by the retiree's final average pay by eight-tenths of one
50 percent.

51 (4) Cost-of-living adjustments paid pursuant to section 104.1045 will
52 commence on the anniversary of the retiree's annuity starting date coincident
53 with or next following July 1, 2000.

54 (5) Any retiree or other person described in this section who elects
55 coverage under the year 2000 plan based on service rendered as a member of the
56 general assembly or as a statewide elected official shall receive an annuity under

57 the year 2000 plan calculated pursuant to the provisions of section 104.1084
58 using the current monthly pay at the time of the election with future COLAs
59 calculated pursuant to subsection 7 of section 104.1084.

60 3. Each person who is an employee and covered by the closed plan and not
61 a retiree of the closed plan on July 1, 2000, shall elect whether or not to change
62 to year 2000 plan coverage prior to the last business day of the month before the
63 person's annuity starting date, and if such election has not been made within
64 such time, annuity payments due beginning on and after the month of the
65 annuity starting date shall be made the month following the receipt by the
66 appropriate system of such election and any other information required by the
67 year 2000 plan created by sections 104.1003 to 104.1093; provided, such election
68 must be after the person has received from the year 2000 plan a written
69 comparison of the person's closed plan coverage and the person's potential year
70 2000 plan coverage and the election must be made in writing on a form furnished
71 by the appropriate board. If such person dies after the annuity starting date but
72 before making such election and providing such other information, no benefits
73 shall be paid except as required pursuant to section 104.420 or subsection 2 of
74 section 104.372 for members of the general assembly.

75 4. Each person who is not an employee and not a retiree and is eligible
76 for a deferred annuity from the closed plan on July 1, 2000, shall elect whether
77 or not to change to the year 2000 plan coverage prior to the last business day of
78 the month before the person's annuity starting date, and if such election has not
79 been made within such time, annuity payments due beginning on and after the
80 month of the annuity starting date shall be made the month following the receipt
81 by the appropriate system of such election and any other information required by
82 the year 2000 plan created by sections 104.1003 to 104.1093; provided, the
83 election must be after the person has received from the year 2000 plan a written
84 comparison of the person's closed plan coverage and the person's potential year
85 2000 plan coverage and the election must be made in writing on a form furnished
86 by the appropriate board. If such person dies after the annuity starting date but
87 before making such election and providing such other information, no benefits
88 shall be paid except as required pursuant to section 104.420 or subsection 2 of
89 section 104.372 for members of the general assembly.

90 5. Each person who is not an employee and not a retiree and is eligible
91 for a deferred annuity from the closed plan and returns to covered employment
92 on or after July 1, 2000, shall be covered under the closed plan; provided, such
93 person shall elect whether or not to change to the year 2000 plan coverage prior

94 to the last business day of the month before the person's annuity starting date,
95 and if such election has not been made within such time, annuity payments due
96 beginning on and after the month of the annuity starting date shall be made the
97 month following the receipt by the appropriate system of such election and any
98 other information required by the year 2000 plan created by sections 104.1003 to
99 104.1093 and the election must be after the person has received from the year
100 2000 plan a written comparison of the person's closed plan coverage and the
101 person's potential year 2000 plan coverage and the election must be made in
102 writing on a form furnished by the appropriate board. If such person dies after
103 the annuity starting date but before making such election and providing such
104 other information, no benefits shall be paid except as required under section
105 104.420 or subsection 2 of section 104.372 for members of the general assembly.

106 6. Each person who is not an employee and not a retiree and not eligible
107 for a deferred annuity from the closed plan but has forfeited creditable service
108 with the closed plan and becomes an employee on or after August 28, 2002, shall
109 be changed to year 2000 plan coverage and upon receiving credited service
110 continuously for one year shall receive credited service for all such forfeited
111 creditable service under the closed plan.

112 7. Each person who was employed as a member of the general assembly
113 through December 31, 2000, covered under the closed plan, and has served at
114 least two full biennial assemblies as defined in subdivision (24) of subsection 1
115 of section 104.010 but who is not eligible for a deferred annuity under the closed
116 plan shall be eligible to receive benefits under the new plan pursuant to
117 subdivision (5) of subsection 2 of this section upon meeting the age requirements
118 under the new plan.

119 8. The retirees and persons described in subsections 2 and 4 of this
120 section shall be eligible for benefits under those subsections pursuant to
121 subsection 8 of section 104.610.

122 **9. A member may change a member's plan election made under**
123 **this section at any time prior to the system mailing or electronically**
124 **transferring the first annuity payment to such member.**

104.1024. 1. Any member who terminates employment may retire on or
2 after attaining normal retirement eligibility by making application in written
3 form and manner approved by the appropriate board. The written application
4 shall set forth the annuity starting date which shall not be earlier than the first
5 day of the second month following the month of the execution and filing of the
6 member's application for retirement nor later than the first day of the fourth

7 month following the month of the execution and filing of the member's application
8 for retirement. **The payment of the annuity shall be made the last**
9 **working day of each month, providing all documentation required**
10 **under section 104.1027 for the calculation and payment of the benefits**
11 **is received by the board.**

12 2. A member's annuity shall be paid in the form of a life annuity, except
13 as provided in section 104.1027, and shall be an amount for life equal to one and
14 seven-tenths percent of the final average pay of the member multiplied by the
15 member's years of credited service.

16 3. The life annuity defined in subsection 2 of this section shall not be less
17 than a monthly amount equal to fifteen dollars multiplied by the member's full
18 years of credited service.

19 4. If as of the annuity starting date of a member who has attained normal
20 retirement eligibility the sum of the member's years of age and years of credited
21 service equals eighty or more years and if the member's age is at least forty-eight
22 years but less than sixty-two years, or, in the case of a member of the highway
23 patrol who shall be subject to the mandatory retirement provision of section
24 104.080, the mandatory retirement age and completion of five years of credited
25 service, then in addition to the life annuity described in subsection 2 of this
26 section, the member shall receive a temporary annuity equal to eight-tenths of
27 one percent of the member's final average pay multiplied by the member's years
28 of credited service. The temporary annuity and any cost-of-living adjustments
29 attributable to the temporary annuity pursuant to section 104.1045 shall
30 terminate at the end of the calendar month in which the earlier of the following
31 events occurs: the member's death or the member's attainment of the earliest age
32 of eligibility for reduced Social Security retirement benefits, **but no later than**
33 **age sixty-two.**

34 5. The annuity described in subsection 2 of this section for any person
35 who has credited service not covered by the federal Social Security Act, as
36 provided in sections 105.300 to 105.445, RSMo, shall be calculated as follows: the
37 life annuity shall be an amount equal to two and five-tenths percent of the final
38 average pay of the member multiplied by the number of years of service not
39 covered by the federal Social Security Act in addition to one and seven-tenths
40 percent of the final average pay of the member multiplied by the member's years
41 of credited service covered by the federal Social Security Act.

42 6. Effective July 1, 2002, any member, except an elected official or a
43 member of the general assembly, who has not been paid retirement benefits and

44 continues employment for at least two years beyond the date of normal retirement
45 eligibility, may elect to receive an annuity and lump sum payment or payments,
46 determined as follows:

47 (1) A retroactive starting date shall be established which shall be a date
48 selected by the member; provided, however, that the retroactive starting date
49 selected by the member shall not be a date which is earlier than the date when
50 a normal annuity would have first been payable. In addition, the retroactive
51 starting date shall not be more than five years prior to the annuity starting
52 date. The member's selection of a retroactive starting date shall be done in
53 twelve-month increments, except this restriction shall not apply when the
54 member selects the total available time between the retroactive starting date and
55 the annuity starting date;

56 (2) The prospective annuity payable as of the annuity starting date shall
57 be determined pursuant to the provisions of this section, with the exception that
58 it shall be the amount which would have been payable at the annuity starting
59 date had the member actually retired on the retroactive starting date under the
60 retirement plan selected by the member. Other than for the lump sum payment
61 or payments specified in subdivision (3) of this subsection, no other amount shall
62 be due for the period between the retroactive starting date and the annuity
63 starting date;

64 (3) The lump sum payable shall be ninety percent of the annuity amounts
65 which would have been paid to the member from the retroactive starting date to
66 the annuity starting date had the member actually retired on the retroactive
67 starting date and received a life annuity. The member shall elect to receive the
68 lump sum amount either in its entirety at the same time as the initial annuity
69 payment is made or in three equal annual installments with the first payment
70 made at the same time as the initial annuity payment;

71 (4) Any annuity payable pursuant to this section that is subject to a
72 division of benefit order pursuant to section 104.1051 shall be calculated as
73 follows:

74 (a) Any service of a member between the retroactive starting date and the
75 annuity starting date shall not be considered credited service except for purposes
76 of calculating the division of benefit; and

77 (b) The lump sum payment described in subdivision (3) of this section
78 shall not be subject to any division of benefit order; and

79 (5) For purposes of determining annual benefit increases payable as part
80 of the lump sum and annuity provided pursuant to this section, the retroactive

81 starting date shall be considered the member's date of retirement.

104.1027. 1. Prior to the last business day of the month before the
2 annuity starting date, a member or a vested former member shall elect whether
3 or not to have such member's or such vested former member's life annuity
4 reduced, but not any temporary annuity which may be payable, and designate a
5 beneficiary, as provided by the options set forth in this section; provided that if
6 such election has not been made within such time, annuity payments due
7 beginning on and after the month of the annuity starting date shall be made the
8 month following the receipt by the appropriate system of such election and any
9 other information required by the year 2000 plan created by sections 104.1003 to
10 104.1093, and further provided, that if such person dies after the annuity starting
11 date but before making such election and providing such other information, no
12 benefits shall be paid except as required pursuant to section 104.1030:

13 Option 1. A retiree's life annuity shall be reduced to a certain percent of
14 the annuity otherwise payable. Such percent shall be ninety percent adjusted as
15 follows: if the retiree's age on the annuity starting date is younger than sixty-two
16 years, an increase of three-tenths of one percent for each year the retiree's age is
17 younger than age sixty-two years, to a maximum increase of three and six-tenths
18 percent; and if the beneficiary's age is younger than the retiree's age on the
19 annuity starting date, a decrease of three-tenths of one percent for each year of
20 age difference; and if the retiree's age is younger than the beneficiary's age on the
21 annuity starting date, an increase of three-tenths of one percent for each year of
22 age difference; provided, after all adjustments the option 1 percent cannot exceed
23 ninety-five percent. Upon the retiree's death, fifty percent of the retiree's reduced
24 annuity shall be paid to such beneficiary who was the retiree's spouse on the
25 annuity starting date or as otherwise provided by subsection 5 of this section.

26 Option 2. A retiree's life annuity shall be reduced to a certain percent of
27 the annuity otherwise payable. Such percent shall be eighty-three percent
28 adjusted as follows: if the retiree's age on the annuity starting date is younger
29 than sixty-two years, an increase of four-tenths of one percent for each year the
30 retiree's age is younger than sixty-two years, to a maximum increase of four and
31 eight-tenths percent; and if the beneficiary's age is younger than the retiree's age
32 on the annuity starting date, a decrease of five-tenths of one percent for each year
33 of age difference; and if the retiree's age is younger than the beneficiary's age on
34 the annuity starting date, an increase of five-tenths of one percent for each year
35 of age difference; provided, after all adjustments the option 2 percent cannot
36 exceed ninety percent. Upon the retiree's death one hundred percent of the

37 retiree's reduced annuity shall be paid to such beneficiary who was the retiree's
38 spouse on the annuity starting date or as otherwise provided by subsection 5 of
39 this section.

40 Option 3. A retiree's life annuity shall be reduced to ninety-five percent
41 of the annuity otherwise payable. If the retiree dies before having received one
42 hundred twenty monthly payments, the reduced annuity shall be continued for
43 the remainder of the one hundred twenty-month period to the retiree's designated
44 beneficiary provided that if there is no beneficiary surviving the retiree, the
45 present value of the remaining annuity payments shall be paid **as provided**
46 **under subsection 3 of section 104.620** [to the retiree's estate]. If the
47 beneficiary survives the retiree but dies before receiving the remainder of such
48 one hundred twenty monthly payments, the present value of the remaining
49 annuity payments shall be paid **as provided under subsection 3 of section**
50 **104.620** [to the beneficiary's estate].

51 Option 4. A retiree's life annuity shall be reduced to ninety percent of the
52 annuity otherwise payable. If the retiree dies before having received one hundred
53 eighty monthly payments, the reduced annuity shall be continued for the
54 remainder of the one hundred eighty-month period to the retiree's designated
55 beneficiary provided that if there is no beneficiary surviving the retiree, the
56 present value of the remaining annuity payments shall be paid **as provided**
57 **under subsection 3 of section 104.620** [to the retiree's estate]. If the
58 beneficiary survives the retiree but dies before receiving the remainder of such
59 one hundred eighty monthly payments, the present value of the remaining
60 annuity payments shall be paid **as provided under subsection 3 of section**
61 **104.620** [to the beneficiary's estate].

62 2. If a member is married as of the annuity starting date, the member's
63 annuity shall be paid under the provisions of either option 1 or option 2 as set
64 forth in subsection 1 of this section, at the member's choice, with the spouse as
65 the member's designated beneficiary unless the spouse consents in writing to the
66 member electing another available form of payment.

67 3. If a member has elected at the annuity starting date option 1 or 2
68 pursuant to this section and if the member's spouse or eligible former spouse dies
69 after the annuity starting date but before the member dies, then the member may
70 cancel the member's election and return to the life annuity form of payment and
71 annuity amount, effective the first of the month following the date of such
72 spouse's or eligible former spouse's death. **If a member dies prior to**
73 **notifying the system of the spouse's death, the benefit will not revert**

74 **to a life annuity and no retroactive payments shall be made.**

75 4. If a member designates a spouse as a beneficiary pursuant to this
76 section and subsequently that marriage ends as a result of a dissolution of
77 marriage, such dissolution shall not affect the option election pursuant to this
78 section and the former spouse shall continue to be eligible to receive survivor
79 benefits upon the death of the member.

80 5. Effective July 1, 2000, a member may make an election under option
81 1 or 2 after the annuity starting date as described in this section if the member
82 makes such election within one year from the date of marriage or July 1, 2000,
83 whichever is later, pursuant to any of the following circumstances:

84 (1) The member elected to receive a life annuity and was not eligible to
85 elect option 1 or 2 on the annuity starting date; or

86 (2) The member's annuity reverted to a normal or early retirement
87 annuity pursuant to subsection 3 of this section, and the member remarried.

88 6. Effective September 1, 2001, the retirement application of any member
89 who fails to make an election pursuant to subsection 1 of this section within
90 ninety days of the annuity starting date contained in such retirement application
91 shall be nullified. Any member whose retirement application is nullified shall not
92 receive retirement benefits until the member files a new application for
93 retirement pursuant to section 104.1024 and makes the election pursuant to
94 subsection 1 of this section. In no event shall any retroactive retirement benefits
95 be paid.

96 **7. A member may change a member's election made under this**
97 **section at any time prior to the system mailing or electronically**
98 **transferring the first annuity payment to such member.**

104.1072. 1. Each board shall provide or contract, or both, for life
2 insurance benefits for employees covered pursuant to the year 2000 plan as
3 follows:

4 (1) Employees shall be provided fifteen thousand dollars of life insurance
5 until December 31, 2000. Effective January 1, 2001, the system shall provide or
6 contract or both for basic life insurance for employees covered under any
7 retirement plan administered by the system pursuant to this chapter, persons
8 covered by sections 287.812 to 287.856, RSMo, for employees who are members
9 of the judicial retirement system as provided in section 476.590, RSMo, and, at
10 the election of the state highways and transportation commission, employees who
11 are members of the highways and transportation employees' and highway patrol
12 retirement system, in the amount equal to one times annual pay, subject to a

13 minimum amount of fifteen thousand dollars. The board shall establish by rule
14 or contract the method for determining the annual rate of pay and any other
15 terms of such insurance as it deems necessary to implement the requirements
16 pursuant to this section. Annual rate of pay shall not include overtime or any
17 other irregular payments as determined by the board. Such life insurance shall
18 provide for triple indemnity in the event the cause of death is a proximate result
19 of a personal injury or disease arising out of and in the course of actual
20 performance of duty as an employee;

21 (2) Any member who terminates employment after reaching normal or
22 early retirement eligibility and becomes a retiree within sixty days of such
23 termination shall receive five thousand dollars of life insurance coverage.

24 2. (1) In addition to the life insurance authorized by the provisions of
25 subsection 1 of this section, any person for whom life insurance is provided or
26 contracted for pursuant to such subsection may purchase, at the person's own
27 expense and only if monthly voluntary payroll deductions are authorized,
28 additional life insurance at a cost to be stipulated in a contract with a private
29 insurance company or as may be required by a system if the board of trustees
30 determines that the system should provide such insurance itself. The maximum
31 amount of additional life insurance which may be so purchased prior to January
32 1, 2004, is that amount which equals six times the amount of the person's annual
33 rate of pay, subject to any maximum established by a board, except that if such
34 maximum amount is not evenly divisible by one thousand dollars, then the
35 maximum amount of additional insurance which may be purchased is the next
36 higher amount evenly divisible by one thousand dollars. The maximum amount
37 of additional life insurance which may be so purchased on or after January 1,
38 2004, is an amount to be stipulated in a contract with a private insurance
39 company or as may be required by the system if the board of trustees determines
40 that the system should provide the insurance itself.

41 (2) Any person defined in subdivision (1) of this subsection may retain an
42 amount not to exceed sixty thousand dollars of life insurance following the date
43 of his or her retirement if such person becomes a retiree the month following
44 termination of employment and makes written application for such life insurance
45 at the same time such person's application is made to the board for retirement
46 benefits. Such life insurance shall only be provided if such person pays the entire
47 cost of the insurance, as determined by the board, by allowing voluntary
48 deductions from the member's annuity.

49 (3) In addition to the life insurance authorized in subdivision (1) of this

50 subsection, any person for whom life insurance is provided or contracted for
51 pursuant to this subsection may purchase, at the person's own expense and only
52 if monthly voluntary payroll deductions are authorized, life insurance covering
53 the person's children or the person's spouse or both at coverage amounts to be
54 determined by the board at a cost to be stipulated in a contract with a private
55 insurer or as may be required by the system if the board of trustees determines
56 that the system should provide such insurance itself.

57 (4) Effective July 1, 2000, any member who applies and is eligible to
58 receive an annuity based on the attainment of at least forty-eight years of age
59 with a total of years of age and years of credited service which is at least eighty
60 shall be eligible to retain any optional life insurance described in subdivision (1)
61 of this subsection. The amount of such retained insurance shall not be greater
62 than the amount in effect during the month prior to termination of
63 employment. Such insurance may be retained until the member's attainment of
64 the earliest age for eligibility for reduced Social Security retirement benefits **but**
65 **no later than age sixty-two**, at which time the amount of such insurance that
66 may be retained shall be that amount permitted pursuant to subdivision (2) of
67 this subsection.

68 3. The state highways and transportation commission may provide for
69 insurance benefits to cover medical expenses for members of the highways and
70 transportation employees' and highway patrol retirement system. The state
71 highways and transportation commission may provide medical benefits for
72 dependents of members and for retired members. Contributions by the state
73 highways and transportation commission to provide the benefits shall be on the
74 same basis as provided for other state employees pursuant to the provisions of
75 section 104.515. Except as otherwise provided by law, the cost of benefits for
76 dependents of members and for retirees and their dependents shall be paid by the
77 members or retirees. The commission may contract with other persons or entities
78 including but not limited to third-party administrators, health network providers
79 and health maintenance organizations for all, or any part of, the benefits provided
80 for in this section. The commission may require reimbursement of any medical
81 claims paid by the commission's medical plan for which there was third-party
82 liability.

83 4. The highways and transportation employees' and highway patrol
84 retirement system may request the state highways and transportation
85 commission to provide life insurance benefits as required in subsections 1 and 2
86 of this section. If the state highways and transportation commission agrees to the

87 request, the highways and transportation employees' and highway patrol
88 retirement system shall reimburse the state highways and transportation
89 commission for any and all costs for life insurance provided pursuant to
90 subdivision (2) of subsection 1 of this section. The person who is covered
91 pursuant to subsection 2 of this section shall be solely responsible for the costs
92 of any additional life insurance. In lieu of the life insurance benefit in
93 subdivision (2) of subsection 1 of this section, the highways and transportation
94 employees' and highway patrol retirement system is authorized in its sole
95 discretion to provide a death benefit of five thousand dollars.

96 5. To the extent that the board enters or has entered into any contract
97 with any insurer or service organization to provide life insurance provided for
98 pursuant to this section:

99 (1) The obligation to provide such life insurance shall be primarily that
100 of the insurer or service organization and secondarily that of the board;

101 (2) Any member who has been denied life insurance benefits by the
102 insurer or service organization and has exhausted all appeal procedures provided
103 by the insurer or service organization may appeal such decision by filing a
104 petition against the insurer or service organization in a court of law in the
105 member's county of residence; and

106 (3) The board and the system shall not be liable for life insurance benefits
107 provided by an insurer or service organization pursuant to this section and shall
108 not be subject to any cause of action with regard to life insurance benefits or the
109 denial of life insurance benefits by the insurer or service organization unless the
110 member has obtained judgment against the insurer or service organization for life
111 insurance benefits and the insurer or service organization is unable to satisfy
112 that judgment.

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